

2011

Long -Term Care

RATE COMPARISON GUIDE



Planning for long-term care
protects your choices, your
family and your finances

Dear Montana Senior:

This guide was developed to assist Montana citizens in planning for their long-term care needs. It is a valuable resource for comparing long-term care insurance prices in Montana. It is designed to answer some, but not all, of your important questions about long-term care insurance, the available options, and how it can help you pay for long-term care services. And, if you decide to purchase long-term care insurance, the information and tips provided here will save you time and help you select the policy that best meets your needs.



Monica J. Lindeen

The premium rates featured on the following charts were provided by 12 long-term care insurance providers who chose to respond to our survey. The prices are only applicable to Montana and are subject to change at any time. (Rates quoted in this guide are effective January 1, 2011.) The price quote you receive from the company you select may depend on your personal situation. The cost of premiums will vary among companies depending on a person's eligibility for coverage, age at purchase, the length of coverage and the types of benefits chosen.

For specific information, you must contact the individual insurance companies. The insurance companies in this guide may also offer more plans than those shown in the comparison charts. *This guide is intended to be used as an example only.* If you have additional questions, please contact my office. Our knowledgeable staff is dedicated to assisting you with a wide range of insurance issues. The toll-free number is 1-800-332-6148. Helena residents may reach us at 444-2040. You will also find more useful information on the agency website at www.csi.mt.gov.

Sincerely,

A handwritten signature in dark ink that reads "Monica J. Lindeen". The signature is written in a cursive, flowing style.

Monica J. Lindeen

Shopping for Long-Term Care

What is Long-Term Care?

Long-term care is a wide variety of services and supports which can be provided in your home, your community, or in other living arrangements, such as retirement communities, assisted living facilities, or nursing homes. The services help with chronic illness, disabilities, or other conditions that limit you physically or mentally. Long-term care is the help that you get with the activities of daily living such as getting dressed, eating, personal grooming, bathing or using the restroom. Most long-term care is for simple, daily activities. Others need skilled nursing care.

How much does Long-Term Care cost?

The cost will depend on the amount and type of care you need and where it is provided. Long-term care can be paid for in a variety of ways, including personal resources, Medicaid assistance, or long-term care insurance.

How would you pay for Long-Term Care services?

Long-term care services are usually paid for by one or more of the following methods:

- **Individual Out-of-Pocket**
Individuals and their families pay less than one-third of all nursing home costs from their own funds. Generally the money is obtained from savings or investments or by selling assets, such as land or homes.
- **Medicaid**
Medicaid pays for more than half of all nursing home care. Medicaid may also pay for some home and community-based services. To qualify, you must meet certain guidelines for income and assets. You will have to spend down or use up most of your assets before Medicaid is able to help. Many people begin paying for nursing home care with personal funds.
- **Long-Term Care Insurance**
Long-term care insurance is designed to help pay for an individual's long-term care expenses. Depending on the plan you choose, it may pay part or all of your care. This guide will help you decide if you need a long-term care insurance policy. If you decide to purchase one, this guide provides information to select the one that will best fit your needs.

Need more help?

Call our Insurance Consumer Hotline!

1-800-332-6148

Our professional consumer advocates are available to assist you on a wide-range of insurance issues.

Other ways to pay for long-term care

Partnership Plans

The long-term care partnership program is a public-private cooperative program. Partnership Policies offer long-term care insurance which not only helps to pay for your long-term care needs, but will also help protect your assets when applying for Medicaid after the insurance benefits run out.

After depleting their insurance benefits, individuals who purchased qualifying long-term care policies may still qualify for Medicaid early, before spending down all of their assets. (Please note: Qualifying policies must be accompanied by a “Partnership Status Disclosure Notice”.)

The Long-Term Care Partnership program provides dollar for dollar asset protection. Each dollar that your Partnership policy pays out in benefits entitles you to keep a dollar of your assets if you ever need to apply for Medicaid services.

The state will disregard the policyholder’s personal assets equal to amounts paid out under a qualifying insurance policy when it determines the person’s eligibility for Medicaid assistance.

For most people, the benefits of their private Partnership insurance policy will provide all the care they will ever need. But because of this unique asset protection feature, you won’t have to impoverish yourself if you run out of insurance benefits and still need care.

Community Living Assistance Services and Support Act

The new federal health care reform law which passed on March 23, 2010, also included the Community Living Assistance Services and Supports (CLASS) Act. This new law establishes a national voluntary long-term care insurance program for actively employed people who pay premiums through a payroll deduction system. The federal government will automatically enroll all working adults in the program. If you do not want to participate, you will have to opt-out.

To qualify for benefits, you must contribute monthly premiums for at least five years and have worked for at least three of those years. You also must have a functional impairment expected to last more than 90 days and require substantial assistance with two or three Activities of Daily Living (i.e., dressing, bathing, eating, etc.), or have substantial cognitive impairment (i.e., problems with memory, speech, thinking, etc.)

Participants receive a cash benefit of no less than \$50 per day to buy nonmedical services and to maintain independence at home or in a community residential setting of choice. Even though the program takes effect January 1, 2011, we do not expect enrollment in the program to start until 2013.

For Further Information:

See the back inside page for a list of approved companies offering Long-Term Care Partnership plans in Montana.

Menu of Long-Term Care Insurance Policy Options

Long-term care policies are not standardized. Each company sells policies that offer and combine benefits in different ways. The price you pay will be based upon the benefits you select. When deciding what you want to include in your long-term care insurance policy you need to determine the following:

- How much of a daily benefit do you need? What is the average cost for assisted living and long-term care in your area? After determining the cost of these services you can estimate what your daily benefit should be.
- How much can you afford to pay out-of-pocket?
- How long of a benefit period do you need? Consider your family health history and your current health when determining the benefit period. For instance, has your family had a history of chronic illness? Has any family member ever been in a long-term care facility? (On average, after turning age 65, only 13% of people spend more than 2 years in a nursing home.)
- How long of an elimination period (waiting period) do you want? The elimination period is comparable to the deductible on your insurance policies and can be 0-180 days, or longer. The longer the elimination period the lower the long-term care insurance premium. The shorter the elimination period the higher the long-term care insurance premium. Determine how long you could pay for long-term care comfortably before the long-term care insurance is needed and this will help determine an elimination period.
- What riders do you want to include? There are several different long-term care insurance riders you can add for a cost to your policy:
 - **Compounding Inflation Protection:** This benefit increases your daily benefit each year by usually 3-5% depending on the policy. If you are under age 70 when you purchase the insurance you may want to consider this option.
 - **Non-forfeiture benefit:** A policy feature that returns at least part of the premiums to you if you cancel your policy or let it lapse.
 - **Waiver of Premium:** A provision in an insurance policy that relieves the insured of paying the premiums while receiving benefits.
 - **Premium refund at death:** This benefit pays to your estate any premiums you paid minus any benefits the company paid.

How much do Long-Term Care Insurance Policies Cost in Montana?

To get an idea of how much long-term care insurance costs in Montana, this study selected some policy features from the menu of choices featured on the previous page. The price you pay is based upon the coverage options you select. Because long-term care insurance policies are not standardized, this study asked for quotes on two different policies offering different levels of coverage from companies licensed to sell in Montana. In order to differentiate the two policies, this guide has labeled them as *basic* and *comprehensive* policies. Basic and comprehensive policies are terms used in this guide only and are not standardized terms for long-term care insurance policies. The rates listed on the charts that follow are average quotes; your rates may be more or less depending on your personal situation. Please note: rates in Montana do not vary by gender or marital status.

Basic Policy Features

- \$200 daily benefit
- Insured pays the first 90 days (elimination period)
- Three-year benefit period
- Coverage of nursing home, home care, assisted living and community care benefits

Comprehensive Policy Features

- \$200 daily benefit
- Insured pays the first 90 days (elimination period)
- Three-year benefit period
- Compound inflation protection of 3-5%
- Non-forfeiture benefits (if you stop paying, some of your money is returned)
- Coverage of nursing home, home care, assisted living and community care benefits

Explanation of Comprehensive Policy Quotes

Why is a comprehensive policy important?

A comprehensive policy includes inflation protection, which will increase your daily benefit by 3-5% a year, and non-forfeiture benefits, which is a policy feature that returns at least part of the premiums to you if you cancel your policy or let it lapse.

Inflation Protection example: Jo and her friend Linda each purchased a long-term care insurance policy. Jo added inflation protection to her policy and Linda decided against it because of the cost. They each started with a \$100 daily benefit. After ten years Jo had a \$162.89 daily benefit and Linda still only had a \$100 daily benefit.

Non-forfeiture Benefits example: Jo also decided to include non-forfeiture benefits to her policy and Linda decided against it because of the added cost to her policy. After 20 years of paying on their policies they both ran into financial difficulties and could no longer afford their monthly premiums. Because Jo decided to purchase non-forfeiture benefits, she will receive some or all of the money she paid into the policy; and since Linda did not include the non-forfeiture benefits, she will get no direct monetary benefit.

What is an elimination period?

The policies quoted include a 90-day elimination period. This means that even though your medical professional has determined that you need long-term care services, the policy will not begin to pay for your care until you or another source pays for 90 days of care. When purchasing a policy, it is important to determine that you have enough money to pay for your care during the elimination period.

Why should a policy cover more than nursing home care?

Research shows that a majority of people prefer to receive care in their own homes. Purchasing a policy that covers a wide range of services enables you to have your care wishes met and your caregiver to receive in-home assistance.

How many years should I purchase coverage?

This guide asked for quotes that covered three years because three years is the average amount of time people use any type of long-term care service. However, other options are also available, such as one year, five year, or even a lifetime benefit. You should note that the longer benefit period you select, the higher the premium will be.

When you are ready to buy:

Important Questions to ask when Comparing Policies

What levels of care are covered by this policy?

- Does the policy provide benefits for skilled nursing care, personal/custodial care?

Where can you receive care covered under the policy?

- Does the policy provide home care benefits, and/or care received in adult day care centers, etc?

How long are benefits paid and what amounts are covered?

- How much will the policy pay for nursing home care/assisted living facility care/home care?

How does the policy decide when you are eligible for benefits?

- Which benefit triggers does the policy use to determine your eligibility for benefits?

When do benefits start?

- How long is the waiting period before benefits begin?

Does the policy have inflation protection?

- Are benefits adjusted for inflation, do benefits increase automatically?

What other benefits are covered under the policy?

- Does the policy have a nonforfeiture/return of premium/death benefit?

What does the policy cost?

- What is the premium excluding riders, what is premium for home care/assisted living?

What to do if you are denied coverage:

- Apply for coverage from several insurance companies.
- If you are still denied for a health reason, try again in a few years when you are healthier or have taken steps to improve your health.
- Take the yearly cost of the long-term care policy you were considering and put the money into your retirement account, other investment, or into an emergency savings account.
- Take actions with your health and do everything you possibly can to live a healthy lifestyle.

Shopping Tips

Do's

- Perform a personal financial audit.
- Make the purchase a family decision.
- Make a record of the sales presentation.
- ASK QUESTIONS!
- Call several agents and/or companies.
- Carefully review the benefits.
- Ask agent(s) for an outline of coverage.
- Check the insurance company's rate increase history.
- Consider compound inflation protection if you are under age 70.
- Disclose everything and fill out application thoroughly.
- Ask what the policy pays for and does not pay for.
- Ask what health conditions are not covered (i.e. Alzheimer's disease).
- Ask how eligibility for benefits is determined.
- Ask about possible policy discounts.
- Ask friends and family for agent referrals
- Investigate the financial rating of the company.
- Ask the Montana Department of Insurance (CSI) for complaints against an insurance company or agent.

Don'ts

- Buy a policy during the first visit with an agent.
- Rely solely on what an agent might write or say.
- Be pressured by an agent.
- Buy a policy just because it is the cheapest. Under-priced policies can run a risk of rate increases and the company going bankrupt.
- Buy a policy from a company that has a history of raising premiums. Ask the company or insurance agent how many times, how much, and how often they have raised premiums.
- Confuse the meaning of "Guaranteed Renewable". This is when a policy cannot be cancelled by an insurance company and must be renewed when it expires unless benefits have been exhausted. The company cannot change the coverage or refuse to renew the coverage for other than non-payment of premiums.
- Buy more than one policy.
- Pay in cash.

Basic Long-Term Care Insurance

Benefit Plan Design

- \$200 daily benefit
- Insured pays first 90 days (elimination period)
- Three-year benefit period
- Coverage of nursing home, home care, assisted living and community care benefits

Monthly Premiums

| C o m p a n y | Age 55 | Age 60 | Age 65 | Age 70 |
|---|--------------|--------------|--------------|--------------|
| Assurity Life Insurance Company | \$ 79 | \$110 | \$149 | \$219 |
| Bankers Life and Casualty Company | \$134 | \$184 | \$265 | \$411 |
| Berkshire Life Insurance Company | \$ 77 | \$106 | \$165 | \$290 |
| Genworth Life Insurance Company | \$183 | \$221 | \$298 | \$421 |
| Massachusetts Mutual Life Insurance Company | \$ 82 | \$112 | \$164 | \$269 |
| MedAmerica Insurance Company | \$103 | \$147 | \$219 | \$323 |
| Mutual of Omaha Insurance Company | \$114 | \$142 | \$209 | \$372 |
| New York Life Insurance Company | \$ 76 | \$105 | \$155 | \$237 |
| Northwestern Long-Term Care Insurance Company | \$129 | \$171 | \$244 | \$385 |
| Transamerica Life Insurance Company | \$105 | \$145 | \$216 | \$343 |
| United of Omaha Life Insurance Company | \$116 | \$144 | \$214 | \$380 |
| United Security Assurance Company of Pennsylvania | \$141 | \$160 | \$234 | \$347 |
| Average Monthly Premium | \$112 | \$146 | \$211 | \$333 |

Please Note: The above premium rates reflect surveys completed by the insurers and only those insurers who chose to respond to the survey are included.

Comprehensive Long-Term Care Insurance

Benefit Plan Design

- \$200 daily benefit
- Insured pays first 90 days (elimination period)
- Three-year benefit period
- Compound inflation protection of 3 - 5%
- Non-forfeiture benefits
- Coverage of nursing home, home care, assisted living and community care benefits

Monthly Premiums

| C o m p a n y | Age 55 | Age 60 | Age 65 | Age 70 |
|---|---------------|---------------|---------------|---------------|
| Assurity Life Insurance Company | \$252 | \$323 | \$407 | \$553 |
| Bankers Life and Casualty Company | \$523 | \$592 | \$711 | \$921 |
| Berkshire Life Insurance Company | \$265 | \$336 | \$459 | \$709 |
| Genworth Life Insurance Company | \$238 | \$288 | \$387 | \$527 |
| Massachusetts Mutual Life Insurance Company | \$237 | \$289 | \$367 | \$514 |
| MedAmerica Insurance Company | \$320 | \$385 | \$479 | \$599 |
| Mutual of Omaha Insurance Company | \$299 | \$357 | \$482 | \$727 |
| New York Life Insurance Company | \$214 | \$259 | \$332 | \$442 |
| Northwestern Long-Term Care Insurance Company | \$447 | \$510 | \$626 | \$845 |
| Transamerica Life Insurance Company | \$358 | \$439 | \$556 | \$725 |
| United of Omaha Life Insurance Company | \$305 | \$364 | \$492 | \$741 |
| United Security Assurance Company of Pennsylvania | \$317 | \$366 | \$506 | \$707 |
| Average Monthly Premium | \$310 | \$376 | \$484 | \$667 |

Please Note: The above premium rates reflect surveys completed by the insurers and only those insurers who chose to respond to the survey are included.

Consumer Contacts for Participating Insurance Companies

| | | | |
|---|--------------------|-----------------------------------|-------------------------|
| Assurity Life Insurance Company | Debra K. Patterson | DPatterson@assurity.com | 800-276-7619 ext. 3774 |
| Bankers Life and Casualty Company | Customer Service | www.bankers.com | 800-231-9150 |
| Berkshire Life Insurance Company of America | Mark Haydon | mark_haydon@glic.com | 413-395-4232 |
| Genworth Life Insurance Company | Lisa Davis | Lisa.debaca-davis@genworth.com | 804-484-7614 |
| Massachusetts Mutual Life Insurance Company | Politimi Lazaridis | www.massmutual.com | 800-767-1000 ext. 22222 |
| MedAmerica Insurance Company | Customer Service | customerservice@medamericaltc.com | 800-544-0327 |
| Mutual of Omaha Insurance Company | Customer Service | www.mutualofomaha.com | 800-775-6000 |
| New York Life Insurance Company | Marryjo Ortiz | mortiz3@newyorklifeltc.com | 512-703-5555 |
| Northwestern Long-Term Care Insurance Company | Chris Cox | chriscox@northwesternmutual.com | 800-890-6704 |
| Transamerica Life Insurance Company | Edward Sanchez | Edward.Sanchez@transamerica.com | 866-475-5986 |
| United of Omaha Life Insurance Company | Customer Service | www.mutualofomaha.com | 800-775-6000 |
| United Security Assurance Company of Pennsylvania | Denise McFadden | dmcfadden@usa-cal.com | 800-872-3044 |

Compare Insurance Rates Online

If you prefer, use the Montana Commissioner of Securities & Insurance website for quick and easy comparisons of auto, homeowners, Medicare supplements, and long-term care insurance rates.

www.csi.mt.gov

Long-Term Care Insurance Companies with Partnership Endorsements approved in Montana *(June 2011)*

- American General Life Insurance Company (www.americangeneral.com)
- Bankers Life and Casualty Company (www.bankers.com)
- Berkshire Life Insurance Co. of America (www.berkshirelife.com)
- Genworth Life Insurance Company (www.genworth.com)
- John Hancock Life Insurance Company (USA) (www.massmutual.com)
- Massachusetts Mutual Life Insurance Company (www.massmutual.com)
- MedAmerica Insurance Company (www.medamericaltc.com)
- Mutual of Omaha Insurance Company (www.mutualofomaha.com)
- New York Life Insurance Company (www.newyorklife.com)
- Prudential Insurance Company of America (www.prudential.com/lifeinsurance)
- Transamerica Life Insurance Company (www.transamerica.com)
- United of Omaha (www.mutualofomaha.com)

NOTES



CONTACT US

Monica J. Lindeen
Montana Commissioner of Securities & Insurance

Office of the Montana State Auditor
840 Helena Avenue
Helena, MT 59601

CONSUMER HOTLINE

1-800-332-6148
In Helena: 444-2040

Fax: 406-444-3497
TDD Phone: 406-444-3246
E-mail: csi@mt.gov

www.csi.mt.gov